



European Network of Public Employment Services

Benchlearning Initiative External Assessment

The Netherlands

2016

Summary report



Written by ICON Institut Public Sector GmbH

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¹ DECISION No 573/2014/EU

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1. Introduction

This report outlines the results of the Benchlearning (BL) external assessment of the UWV WERKBedrijf, which is a division of the UWV-Uitvoeringsinstituut voor Werknemersverzekeringen (Institute for the Administration of Employee Insurance) and exercises the role of a Public Employment Service (PES) as autonomous body of public administration in the Netherlands.² The BL external assessment was conducted from May 30th to June 1st 2016. The team of seven external assessors comprised two Director Generals (Danish and Icelandic PES), three PES experts from the European Commission, and two experts from ICON-Institute as the supporting contractor. The programme of the 2.5-day visit included meetings at the UWV WERKBedrijf as head office of the PES at the national level with senior management/directorates, and meetings at the district and regional PES office in Utrecht.

The time and resources invested in preparation for the BL visit by the UWV WERKBedrijf and their internal self-assessment, as well as the additional written information provided before and during the BL visit were key to the success of the BL external assessment process. The internal self-assessment was the result of an intensive discussion and work process lasting five months. Representatives from the head office, district offices, and regional offices took part in this process that included a series of thematic and regional workshops and meetings.

The UWV has a three-level structure, i.e. national, district and regional. The UWV WERKBedrijf is the division of UWV in charge of active labour market policies (ALMP). A network of 35 regional employment offices provides services to individual jobseekers and employers. Eleven district offices, in which the 35 regional offices are grouped, comprise the intermediate level of the UWV structure. The Governing Board – at the head of the organisation – is composed of three members appointed by the Minister for Social Affairs and Employment. No other bodies, including the social partners are involved in the management, supervision or monitoring of the UWV.

In addition to delivering ALMPs via UWV WERKBedrijf, UWV is responsible for the disbursement of unemployment benefits and occupational disability benefits,³ whereas the municipalities provide social assistance benefits. All recipients of unemployment, occupational disability benefits, and of social assistance benefits have to register with the UWV as a jobseeker. However, services of the UWV WERKBedrijf are limited chiefly to registered jobseekers while they receive unemployment benefits and occupational disability benefits. Other jobseekers only have access to generally available internet information, some basic e-services, and the job vacancies database.

At the head of the UWV WERKBedrijf is a team of directors responsible for the entire service delivery. One of the directors is appointed specifically for the executive services at the regional offices (“Werkpleinen”).

The legal mandate of the UWV comprises the following tasks:

² The other four divisions of UWV are: (1) the *Client & Service division* (K&S), which is responsible for all communication with clients; (2) the *Social Medical Affairs division* (SMZ) as expertise centre and service provider for socio medical and work-related assessments and recommendations in the Netherlands; (3) the *Benefits division* which ensures a prompt and correct handling of benefit applications and the payment of benefits; and (d) the *Data Services division* which compiles and manages data on wages, benefits and labour relations of all insured persons in the Netherlands.

³ The latter consist of IVA benefits, WGA benefits, WAO benefits, Wajong benefits and WAZ benefits. In addition, Wazo benefit and the benefit under the Sickness Benefit Act fall under the category of occupational disability benefits.

- ensuring the adequate payment of social benefits (unemployment insurance, disability, sickness);
- promoting labour market transparency; and
- supporting the re-integration of people claiming social benefits into employment.

Each year, the UWV formulates an activity plan, which covers all activities in the area of benefit administration and active labour market services. This plan follows general guidelines from the Ministry of Social Affairs and Employment and is authorised by the government. The annual cycle of policy planning and implementation is described by law, as are the proceedings by which the Minister can give specific directions to the operations of UWV. In general, the UWV WERK-Bedrijf has a large degree of discretion for the translation of the Ministry's objectives into targets as well as performance indicators and then into strategies, processes and services. UWV WERKBedrijf has full freedom on how to implement its processes and services towards unemployed jobseekers and employers. Potential "bottle-necks" are procedures defined in appropriate laws, political influence on the strategic decisions concerning service provision, and financial constraints.

2. Strengths

There are numerous strengths that have been identified by external assessors during their visit to UWV WERKBedrijf. Among these, the first is that the entire organisation of UWV WERKBedrijf, including strategic planning, management, operational processes and services, is based on solid and scientific evidence. UWV WERKBedrijf can be characterised as a learning organisation that constantly seeks to improve its performance and to increase its effectiveness and efficiency by using results of experiments and by empowering and activating the registered unemployed jobseekers to make use of their potential in order to re-enter the labour market. Process innovations are systematically monitored, and conclusions from pilot projects are transferred into the organisation as such and into main-stream processes. Part of this constant update of processes is achieved via interaction between staff at the local level through mutual learning elements and making use of benchmarking among the regional offices. In general, employees, their positive commitment, and their high motivation are considered a driving factor for UWV WERKBedrijf's success. The management level supports new solutions that have the potential to provide services in a more efficient and targeted manner.

The environment in which employees operate and in which services are delivered to customers on a face-to-face basis is excellent. Modern buildings, office premises and seminar rooms, supportive decoration, and a well-developed corporate design help to increase identification of staff with the organisation and to create a customer-friendly atmosphere. Systematic representative surveys among customers (unemployed jobseekers and enterprises) and employees are used for the collection of information on how to improve the image of UWV WERKBedrijf, its services, and work conditions.

In this context, the monitoring of UWV WERKBedrijf's activities on the basis of data and indicators was highlighted by external assessors as another very strong aspect of the organisation. A wide range of data is available for indicators and sub-indicators related to services and operations. These allow management and staff at different levels to achieve a full understanding of operational results and to take appropriate steps if improvements are necessary. Reactions throughout the entire organisation are timely and efficient.

Furthermore, the e-services as a core element of service provision for unemployed jobseekers are a particular strength of UWV WERKBedrijf. Among others, e-services include the digital individual action plan, the "Work Profiler", matching facilities, online seminars/webinars, etc. Employment officers of UWV WERKBedrijf can monitor online activities of unemployed jobseekers, follow their search activities, thus suggesting potential alternatives for an improved job search to the registered unemployed and/or offering targeted support in order to increase the chances of finding a suitable job more quickly.

At organisational level, the matrix organisation is also considered as major strength of UWV WERKBedrijf. District managers are not only responsible for the performance of their territory (district), but also for one specific thematic aspect of the entire organisation (e.g. quality assurance). This strengthens the links between districts, regions, and headquarters, and ensures a quick transfer of knowledge and good practice within the organisation.

3. Contextual Influences

Over the past years, UWV WERKBedrijf has developed into a mature and highly innovative organisation that managed to transform the challenge of drastic budget and staff cuts into an operational opportunity to create a new business model centred on e-services, despite negative labour market trends. External assessors have no doubt that this difficult transition became a success story, because the management was able to gain acceptance among staff and customers for the substantial organisational changes and because its changes were based on solid empirical evidence.

The contextual frame in which UWV WERKBedrijf operates can be characterised as follows:

Budget, local offices, and staff

In order to cut state debts as a reaction to the financial and economic crises, the Dutch Government decided to implement a series of austerity measures which also affected the UWV WERKBedrijf in 2010. The effective PES budget (administrative and staff budget of UWV WERKBedrijf) was decreased by 8.4% by 2015 (€398.9 million) compared with 2011 (€412.0 million). As a consequence, the number of offices was reduced from 100 local offices in 2011 to 35 regional offices in 2015. At the same time, the number of UWV employees was cut from 4,932 in 2011 to 4,520 in 2015 (-3.2%). In parallel, unemployment increased (see below).

In order to maintain effective services for customers throughout the country, digital e-services were developed and implemented with which virtually all registered unemployed are served electronically during the first three months following registration. After the third month of unemployment, in which the first face-to-face contact takes place, around 15% receive face-to-face services, whereas all other registered unemployed continue to use e-services only. An exception to this general rule has been made recently, thus allowing personal contact quickly after registration for unemployed jobseekers with a high risk of long-term unemployment.

The main financial resource of UWV (82.8%) is the contribution system. A share of 16.5% of the budgets comes from the government. The rest of UWV's activities (0.7%) are financed through the ESF and EURES.

Economic Context

As in many other countries, the economy and the labour market of the Netherlands were negatively affected by the financial and economic crises between 2008 and 2015. Periods of negative growth rates in 2009 (-3.8%), 2012 (-1.1%) and 2013 (-0.5%) were interrupted by positive growth rates in 2010 (1.4%) and 2011 (1.7%), as well as in the last years (2014: +1.0%; 2015: +2.0%). Despite these signs of recovery, a continuous loss of jobs characterised the entire period mentioned above. In parallel, unemployment increased until 2014 with the highest value in unemployment reaching 7.4%. A slight decrease to 6.9% was reported for 2015, thus remaining 2.5 percentage points higher than in 2009.

Long-term unemployment has become an increasingly important issue in the Netherlands. The share of long-term unemployed persons (LTU) among the economically active population more than tripled between 2009 (0.8%) and 2015 (3.0%).

Despite some slightly positive signs in 2015, unemployment among young people remains a major challenge for the ALMP in the Netherlands. After an increase between 2009 (10.2%) and 2013 (13.2%), the youth unemployment rate went down to 10.6%. The same trend can be observed for young people not in employment, education or training (NEET), especially for those aged 25 to 29 years. Their share of all young people in this age group increased to 11.2% in 2013 and dropped to 10.6% in 2015, thus being considerably higher than in 2009 (7.6%).

Other general trends reported by the UWV WERKBedrijf during the external BL assessment indicate that the signs of recovery in the labour market and in the economy seem to be sustainable. At the same time, the positive trends do not reach all groups among the unemployed and all the sectors:

- In 2015, there were more jobs available for employed than before the crisis.
- The number of vacancies has increased significantly in 2015, but the number is almost 20% less than in the period between 2006 and 2008.
- The labour supply also increases, especially influenced by longer working lives and re-entrants into the labour market. These trends reduce the possibility for unemployed to find a job.
- Some sectors, as agriculture and social and care services, continue to be affected by job losses.
- There is a higher risk of remaining unemployed for young people without starting qualifications and also for unemployed older than 45 years.

4. Current and Potential Good Practices Identified During the Assessment

Starting from the strengths of UWV WERKBedrijf (see section 2 of this report), external assessors identified a series of good practices that can be especially helpful for other PES with a reform agenda and/or in a transition period. UWV WERKBedrijf managed to successfully change its business model during a phase of economic, financial and labour market constraints within a five year period. The re-organisation affected all levels and all departments of UWV WERKBedrijf. Several factors contributed to the successful modernisation of UWV WERKBedrijf's organisation and structure:

- (a) the clear management focus on activation of unemployed jobseekers;
- (b) the high importance management gave to the implementation of digital services as the backbone of service provision;

- (c) the creation of ownership for the reform process among the entire staff at the central, regional, and district levels;
- (d) the evidence-based approach that helped concentrate on changes that would lead to a more effective and efficient performance by starting the reforms based on solid research results;
- (e) transparency and open communication within the organisation; and
- (f) the implementation of effective change management structures with a critical analysis of achieved results and a continuous orientation towards improving performance.

Apart from these overarching characteristics of UWV WERKBedrijf's modernisation, the following specific aspects are highlighted as good practice examples:

- Within **strategic performance management**, the *capacity of reacting adequately* to fundamental economic, financial and labour market changes without slowing performance, the *availability of relevant data* and the *breakdown of targets to district and regional levels*, and the *benchmarking* between regional offices also used for mutual learning purposes are applauded as potentially transferable practices.
- Referring to **operational processes**, the "front-runners" model and the constant revision of processes on the basis of scientific evidence is deemed a good practice. Almost one third of regional PES offices constantly operate as *front-runners*, basically implementing experiments exploring how service provision can be improved. Results of these experiments are carefully examined and analysed and, if clearly successful, are spread throughout the entire organisation. Quality management is a fundamental characteristic of the Dutch PES. Frequent use of *counterfactual analysis*, inter alia, helps the organisation understand what really works and improve processes.
- As far as **sustainable activation and management of transition** is concerned, the "Work Profiler" and the digital e-folder can be highlighted as a good practice. The *Work Profiler* is considered an interesting approach for other PES, since it defines those jobseekers needing basic services and those requiring intensive services, based on the individual's probability of labour market return. The calculation is based on scientific evidence (which is updated constantly).

In addition, the *digital e-folder* structures the activities of jobseekers for returning to the labour market based on the needed services. It assigns clear duties and deadlines. The employment officer plays the role of a coach with sanctioning powers. This could be especially interesting for PES where employment officers have to arrange a huge amount of administrative work.

- National-level agreements between UWV WERKBedrijf and strategically important employers, as well as the digital platform for employers to place vacancies on Werk.nl can be considered good examples within **employer services**.
- With view to **evidence-based design**, the high commitment of UWV WERKBedrijf's management to change management, the use of pilot projects (via the front-runner's model), and the systematic analysis of processes via counterfactual evaluations have already been mentioned. It is important to highlight that continuous scientific evaluation was kept despite budgetary cuts, which may also explain the big success and speed of reform implementation. Among the more specific aspects that may be useful for other PES, the so-

called "*quality card*" has to be mentioned. It allows employment officers to analyse the e-activities of registered jobseekers and to advise them about optimising their job search, updating their CV, application to vacancies, use of online trainings and webinars, etc.

- In relation to ***partnerships and stakeholders***, the first thing to mention as good practice is the systematic management of interactions with stakeholders by making use of a specialised software programme. In addition, much attention is paid to good cooperation with ICT suppliers (e.g. by regular exchange and communication with the most important companies in the field, and the application of the SOM-methodology for systematically monitoring and assessing this cooperation). At the same time, in-house ICT- and programming competences are continuously increased in order to reduce the risk of dependence on ICT-suppliers. Furthermore, agreements with large companies in the country concerning the creation of job opportunities for specific target groups (e.g. unemployed with disabilities and youth) are highlighted as a good practice by external assessors. Finally, the "Werkbedrijven" as a partnership on the regional level between the UWV WERKBedrijf, municipalities, and social partners has the potential to be a good practice, depending on the concrete initiatives taken at the regional level.
- Finally, the *clarity of the budget assignment* according to a transparent procedure based on mathematical calculation, and the *sophisticated digital tools applied for HRD* are considered a good practice for the ***allocation of PES resources***.

5. Areas Where Improvements May Further Enhance PES Operations and Outcomes

According to the excellence model, external assessors found strong evidence for most of the defined enablers. Nevertheless, some space for improvement exists in four areas of UWV WERKBedrijf's strategy, organisation and process delivery:

- ***Sustainability*** has so far not played a major role within the set of strategic objectives, KPIs and quantified operational targets. As a consequence, all job-seeker-related activities of UWV WERKBedrijf are concentrated on a return of registered jobseekers to the labour market, no matter if the job is stable or not. Despite the availability of excellent data on jobseekers, search activities and processes, the question of whether placed jobseekers return quickly to the unemployment register seems not to have been analysed adequately in order to draw conclusions and work out strategies on how to increase sustainability, thus creating savings for the contribution system. Sustainability is not a clear objective.
- Another area for improvement relates to ***early intervention***. Because of the need to concentrate its activities as a reaction to the significant budget cuts, employed workers are not considered as a (potential) target group of UWV WERKBedrijf's service provision chain. In addition, face-to-face contacts in the first three months after registration are limited to a relatively low number of registered unemployed. This represents a missed opportunity to reduce the risk of unemployment of employed workers, e.g. by supporting upskilling and training activities during employment, and to lower the risk of long-term unemployment for those already registered under the unemployment benefit scheme. Appropriate actions in these fields could help reduce the risk of unemployment and long-term unemployment, and to increase the probability of

job-to-job-placements. It would also increase the added value of UWV WERK-Bedrijf's mission.

- The ***lack of a clear and comprehensive strategy to develop employer services*** has also been considered a relatively weak point of UWV WERK-Bedrijf. With the exception of activities for increasing the number of vacancies for registered unemployed with disabilities, the employer service tends to be more passive and reactive, i.e. vacancies offered are registered, processed in the system and offered to the registered jobseekers. As a consequence, vacancies that may be suited to registered unemployed are not communicated to UWV WERKBedrijf, so the potential for successful placements is not fully exploited.
- ***Partnership with municipalities, social and economic partners and other stakeholders:*** UWV WERKBedrijf has a clear vision of the importance of good partnerships with relevant stakeholders toward clear common operational objectives. But such common objectives have not been defined systematically, e.g. for tackling youth-unemployment. Excellent arrangements at local and regional levels were reported during the external assessment visit. But it also became clear that functioning networks and partnerships do not exist throughout the entire country. Their quality and intensity seem to depend on personal contacts between PES-managers, local authorities and government representatives. A clear strategy on how to achieve practically functioning and result-oriented partnerships with clear objectives and definitions of roles and responsibilities, possibly starting from the identification and building of partnerships, could increase the commitment of stakeholders to make better use of the full potential of local expertise in ALMP.

6. Recommendations

In general, the team of external assessors would like to encourage UWV WERK-Bedrijf to continue the successful, focused and evidence-based modernisation and reform process that has started in recent years. Ambition on all levels to improve the organisation where possible, the professionalism and enthusiasm at the operational level, and the motivation to do a good job throughout the whole organisation, as well as a clear orientation towards digitalising administrative tasks and basic services as much as possible are considered key success factors that should be further strengthened.

It is important to point out in this context, that e-services are a truly innovative way to provide the PES services. They seem well accepted by the staff, and customers are also increasingly satisfied with it, as reflected by the most recent customer surveys. On the other hand, e-services leave little space for adapting service provision to individual customer's needs and opportunities. External assessors therefore would like to encourage the review process that has been launched by UWV WERKBedrijf in order to achieve more flexibility in service provision, and provide more quality and early face-to-face contacts when appropriate. In this context, it is worth considering developing a customer service strategy based on the rich data that is systematically collected on customers in order to identify those profiles that need more than the standard e-services and have a higher risk of LTU. A careful revision of e-services not only has considerable potential for further improving PES-performance by developing more differentiated courses of ac-

tion for specific profiles, but also allows for more flexibility in the work performance to avoid temporary work overload on peak days.

In addition, external assessors emphasise the following specific recommendations:

- ***Building strong partnerships and decreasing political influence on governance:*** UWV WERKBedrijf depends on decisions from the political context to a considerable extent. This might be a potential obstacle for the stability and continuity of the reform process and of constant evidence-based improvements over time. In order to secure commitment to long-term political and strategic objectives, it might be helpful to develop structures with which stable support from the outside can be achieved. One possibility could be the strengthening of the roles of social partners within the PES governance, or with strategic partnerships between them and the PES. External assessors are aware of the fact that this shift from the current governance model does not fall within the mandate of UWV WERKBedrijf itself, but there is strong evidence from other PES that self-governance with strong control by a tripartite body, including social partners, is favourable to the development and stability of a PES. If full reform is not possible (in the short-term), then strategic partnerships are an important option.
- ***Increase commitment of customers:*** In order to create commitment and sustainable support for the organisation over time, the views of customers, i.e. jobseekers and employers, who make use of the services offered, could be incorporated in a more effective way. In addition to the well-functioning customer satisfaction surveys, more direct participation of jobseekers and employers in adequate platforms, such as quality circles, focus groups, etc., for the development of new products and services and the improvement of existing ones are considered suitable to this end.
- ***Achieve high standards of partnership with municipalities throughout the country:*** As far as assessors could see, especially in the local office visited, cooperation between UWV WERKBedrijf and a municipality can be organised in a highly functional way, with a solid commitment from both, common objectives and targets, excellent interfaces between municipal and PES services, shared responsibilities, common activities, etc. However, great differences exist in the functionality and quality of this cooperation between the municipalities, often also driven by the degree of personal confidence and commitment. In order to achieve effective partnerships and cooperation structures throughout the country, the external assessors recommend starting regional activities to overcome the differences and to create working team structures on the operational level.

A first step would consist of improving the quality of regional strategies for partnership ("Werkbedrijven"), starting from the labour-market needs, critically analysing the institutional background, defining common objectives, responsibilities and roles, and finally working out the added value of cooperating in comparison to keeping separated channels of service provision. The central level of UWV WERKBedrijf could enhance this process by developing a standard road-map to be followed, thus leaving enough freedom at the regional level to customise processes as necessary, and by acting as a moderator in the process of implementing new and/or reforming existing cooperation and partnerships.

- **Focus on sustainable impact instead of short-term results:** External assessors positively acknowledged that objectives, KPIs and quantified targets refer to results, and not only to outputs. However, the indicator system does not yet adequately consider the sustainability of placements achieved through UWV WERKBedrijf. A careful analysis of the differences between unemployed that were integrated into the labour market for only a short period and those with sustainable job integration could offer important information on how to improve PES services to customers.
- **Better allocation of resources:** The allocation of resources is currently based on past achievements and does not adequately take into account forecasts of economic and labour market developments. This, and a stronger flexibility towards regional needs, could help to stimulate overall performance and increase ownership in the regional offices.
- **More active employer orientation:** As already indicated, employer services of UWV WERKBedrijf are organised in a rather reactive way. External assessors therefore recommend defining, in cooperation with key stakeholders, a proactive and evidence-based strategy to attract those vacancies that are needed for the registered unemployed on the basis of specific regional acquisition models. A more active employer orientation could also be achieved by offering services to enterprises that help employees to upskill their workforce – or by meeting other identified needs of employers where the PES could add value. This would not only help reduce the unemployment risk, but also to identify vacancies in enterprises as early as possible.